

May 9, 2012

ITEM NO. B6

**AUTHORIZATION TO AMEND BOARD RESOLUTION NO. 2011-CHA-53 FOR
CONTRACT NUMBER 11038 - THE LEASE AGREEMENT WITH ILLINOIS INSTITUTE
OF TECHNOLOGY ("IIT") FOR THE PREMISES LOCATED AT 10 W. 35TH STREET TO
AUTHORIZE ADDITIONAL FUNDS FOR REAL ESTATE TAXES, SPECIAL
ASSESSMENTS AND UTILITIES USAGE**

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners ("Board") authorizes the amendment of Board Resolution No. 2011-CHA-53 for Contract No. 11038, the Lease Agreement between the Illinois Institute of Technology (IIT) and the Chicago Housing Authority ("CHA") for the lease of approximately 14,868 square feet of space in an office building located at 10 W. 35th St., Chicago, Illinois, for the purposes of authorizing additional funds for CHA to pay the additional rent obligations under the Lease Agreement which were not included in the Total Gross Rent authorized under Board Resolution No. 2011-CHA-53. The additional amount includes \$183,822 for CHA's estimated proportionate share of real estate taxes, an additional amount invoiced to CHA for its monthly electricity usage, and an additional amount which may be invoiced to CHA for its proportionate share of special assessments, if any. The contract's new aggregate not-to-exceed funding amount will be \$1,091,443.15 for Total Gross Rent and for Real Estate Taxes; for amounts invoiced to CHA for its monthly electricity usage; and for amounts which may be invoiced to CHA for its proportionate share of special assessments, if any.

FUNDING
General Fund

EXPLANATION

The Chicago Housing Authority's Housing Choice Voucher Program serves over 36,000 families and over 16,000 landlords in the City of Chicago. CHA has three (3) satellite offices that support the Housing Choice Voucher Program by providing easily accessible services right in the heart of our city. These offices are located at:

- 2750 W. Roosevelt Rd.
- 1741-49, 1755-57 E. 75th St.
- 10 W. 35th St. Floor 5

CHA entered into the lease for the 35th St. premises commencing June 1, 2011 for an initial term of three (3) years at a Total Gross Rent amount not to exceed \$907,621.15 ("Lease Agreement").

The following is a list of relevant terms that are included in the Lease Agreement for the Premises:

Premises: 10 W. 35th St. Rentable square feet on the 5th floor, approximately 14,868 sq. ft.
Lease Term: Three (3) years Commencement: June 1, 2011 and expiring May 31, 2014.

Termination Option: CHA shall have the right to terminate the Lease Agreement after the twelfth (12) month following the commencement date. CHA shall pay no penalty related to the exercise of such termination of the Lease Agreement.

Gross Rent Without

Real Estate Taxes:	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
	Monthly - \$24,470.25	Monthly - \$25,204.36	Monthly - \$25,960.49
	Annual - \$293,643.00	Annual - \$302,452.29	Annual - \$311,525.86

Escalation: Annual escalation increases on 3%.

Real Estate Taxes and Special Assessments: Per Paragraphs 3(a) and 3(b) of the Lease Agreement, CHA is responsible for its proportionate share of the real estate taxes and special assessments, if any, and the taxes will be paid as additional rent.

Real Estate

Tax:	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
	Monthly - \$4,956.00	Monthly - \$5,104.68	Monthly - \$5,257.82
	Annual - \$59,472.00	Annual - \$61,256.16	Annual - \$63,093.84

Escalation: Annual escalation increases on 3%.

Security Deposit: Security Deposit previously paid under Lease Agreement dated June 1, 2010.

Utilities: Per Paragraph 11(e) of the Lease Agreement, CHA is responsible for its proportionate share of electricity which will be paid monthly as additional rent.

Based upon the foregoing, it is in the best interests of the Authority to amend Board Resolution No. 2011-CHA-53 for Contract No. 11038, the Lease Agreement between the Illinois Institute of Technology (IIT) and the Chicago Housing Authority ("CHA") for the lease of approximately 14,868 square feet of space in an office building located at 10 W. 35th St., Chicago, Illinois, for the purposes of authorizing additional funds for CHA to pay the additional rent obligations under the Lease Agreement which were not included in the Total Gross Rent authorized under Board Resolution No. 2011-CHA-53. The additional amount includes \$183,822 for CHA's estimated proportionate share of real estate taxes, an additional amount invoiced to CHA for its monthly electricity usage, and an additional amount which may be invoiced to CHA for its proportionate share of special assessments, if any. The contract's new aggregate not-to-exceed funding amount will be \$1,091,443.15 for the payments of the Total Gross Rent and for Real Estate Taxes; for amounts invoiced to CHA for its monthly electricity usage; and for amounts which may be invoiced to CHA for its proportionate share of special assessments, if any.

RESOLUTION NO. 2012-CHA-37

WHEREAS, The Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated May 9, 2012 "AUTHORIZATION TO AMEND BOARD RESOLUTION NO. 2011-CHA-53 FOR CONTRACT NUMBER 11038 - THE LEASE AGREEMENT WITH ILLINOIS INSTITUTE OF TECHNOLOGY ("IIT") FOR THE PREMISES LOCATED AT 10 W. 35TH STREET TO AUTHORIZE ADDITIONAL FUNDS FOR REAL TAXES, SPECIAL ASSESSMENTS AND UTILITIES USAGE";

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, The Board of Commissioners authorizes the amendment of Board Resolution No. 2011-CHA-53 for Contract No. 11038, the Lease Agreement between the Illinois Institute of Technology (IIT) and the Chicago Housing Authority ("CHA") for the lease of approximately 14,868 square feet of space in an office building located at 10 W. 35th St., Chicago, Illinois, for the purposes of authorizing additional funds for CHA to pay the additional rent obligations under the Lease Agreement which were not included in the Total Gross Rent authorized under Board Resolution No. 2011-CHA-53. The additional amount includes \$183,822 for CHA's estimated proportionate share of real estate taxes, an additional amount invoiced to CHA for its monthly electricity usage, and an additional amount which may be invoiced to CHA for its proportionate share of special assessments, if any. The contract's new aggregate not-to-exceed funding amount will be \$1,091,443.15 for the payments of the Total Gross Rent and for Real Estate Taxes; for amounts to be invoiced to CHA for its monthly electricity usage; and for amounts which may be invoiced to CHA for its proportionate share of special assessments, if any.

